

# MOST-FAVORED-NATION TREATMENT FOR AREAS UNDER OCCUPATION OR CONTROL

*Exchange of notes at London July 6, 1948*

*Entered into force July 6, 1948*

*Expired in accordance with its terms*

62 Stat. 2941; Treaties and Other  
International Acts Series 1835

*The American Ambassador to the Secretary of State for Foreign Affairs*

EMBASSY OF THE  
UNITED STATES OF AMERICA

*London, July 6, 1948*

No: 2582

SIR:

I have the honor to refer to the conversations which have recently taken place between representatives of our two Governments relating to the territorial application of commercial arrangements between the United States of America and the United Kingdom and to confirm the understanding reached as a result of these conversations as follows:

1. For such time as either the Government of the United States of America or the Government of the United Kingdom of Great Britain and Northern Ireland participates in the occupation or control of any areas in Western Germany or the Free Territory of Trieste, the other Government will apply to the merchandise trade of such area the provisions of the General Agreement on Tariffs and Trade, dated October 30, 1947,<sup>1</sup> as now or hereafter amended, relating to most-favored-nation treatment.

2. The undertaking in paragraph 1, above, will apply on the part of the Government of the United States of America or the Government of the United Kingdom of Great Britain and Northern Ireland to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most-favored-nation treatment to the merchandise trade of the United States of America or the United Kingdom of Great Britain and Northern Ireland, respectively.

3. The undertakings in paragraphs 1 and 2, above, are entered into in the light of the absence at the present time of effective or significant tariff barriers

<sup>1</sup> TIAS 1700, *ante*, vol. 4, p. 639.

to imports into the areas herein concerned. If such tariff barriers are imposed, it is understood that such undertakings shall be without prejudice to the application of the principles set forth in the Havana Charter for an International Trade Organization <sup>2</sup> relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany referred to in paragraph 1 above may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. So long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in paragraph 1 for the Government of the United Kingdom to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of the United Kingdom determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

5. The undertakings in this note shall remain in force until January 1, 1951, and unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Accept, Sir, the renewed assurances of my highest consideration.

LEWIS W. DOUGLAS

The Right Honorable

ERNEST BEVIN, M.P.,

*Secretary of State for Foreign Affairs,*

*The Foreign Office,*

*Whitehall, S.W.1.*

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*The Secretary of State for Foreign Affairs to the American Ambassador*

FOREIGN OFFICE,

S. W. 1.

*6th July, 1948*

YOUR EXCELLENCY,

I have the honour to refer to the conversations which have recently taken place between representatives of our two Governments relating to the terri-

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<sup>2</sup> Unperfected; for excerpts, see *A Decade of American Foreign Policy, 1941-49* (S. Doc. 123, 81st Cong., 1st sess.), p. 391.

torial application of commercial arrangements between the United States of America and the United Kingdom and to confirm the understanding reached as a result of these conversations as follows:

[For text of understanding, see numbered paragraphs of U.S. note, above.]

I have the honour to be, with the highest consideration,  
Your Excellency's obedient Servant,

ERNEST BEVIN

His Excellency  
The Honourable  
LEWIS W. DOUGLAS,  
*etc., etc., etc.,*  
*1, Grosvenor Square,*  
*W. 1.*